

**From the desk of
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Tax Intricacies for Immigrants

The United States continues to be a magnet for foreign immigration with somewhere between 8 to 20 million new immigrants settling here over the past decade depending upon which statistics one reads.

Not all of those coming here are the illegals which are so prevalently highlighted in the nightly news.

Some of these new immigrants are in fact high-net-worth individuals who in many instances need to become aware of the intricacies of U.S. tax law.

For those with significant wealth who decide to immigrate to the U.S. the intricacies both as to income and estate taxes can be complicated.

A resident for tax purposes is an individual who must either have an alien registration card (green card) or meet the substantial presence test which is being present in the U.S. for 31 days during the current year and 183 days during the three-year period that includes the current year and the previous two years.

Residents are subject to income taxes on as to all worldwide income, the same as any U.S. citizen.

For estate tax purposes the requirement is that a resident be domiciled in the U.S. permanently with no intention of leaving.

Immigrants who are not citizens are subject to estate tax on their worldwide holdings once domiciled in the U.S.

If an individual is not domiciled in the U.S. the estate tax only applies to property held within the U.S.

A possible solution to avoiding the estate tax applying to worldwide assets held outside the U.S. is to form an irrevocable trust prior to becoming either a citizen or establishing domicile, and contribute those worldwide assets to the trust under certain conditions.

If the assets are transferred timely, and properly, and under the appropriate conditions, those assets can be kept out of the reach of U.S. estate tax for themselves as well as future for generations.

Such a trust can be set up in either a foreign jurisdiction or in the U.S such as Delaware, or certain other states which allow a perpetual trust.

Our emphasis at Muffoletto & Company is to provide you the proper guidance and understanding of the system so that you avoid taxes to the extent that the law allows.

Should you have questions relating to these matters, tax, financial, and accounting issues, give us a call at (818) 346-2160.

You can also visit us on the web at www.petemcpa.com!

We here at Muffoletto & Company believe that the more informed you are in regards to the rules and regulations that affect you the more we can be of service.

Should you have questions relating to any tax or financial matters, or if you know of someone that could benefit from our assistance feel free in calling us at

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**Providing individuals, small businesses, corporations,
partnerships, professionals, and other business entities with the
necessary guidance and answers for a complex world.**